

**This rule was adopted on an emergency basis effective July 1, 2005. It may be used to determine tax liability until October 28, 2005, unless the Department adopts a permanent rule prior to this date.**

## NEW SECTION

**WAC 458-20-272 Tire fee.** (1) **Introduction.** Beginning July 1, 2005, sellers must collect a one dollar fee on every retail sale of each new replacement vehicle tire. The tire fee is effective until June 30, 2010.

**(2) How do I report the tire fee?**

A seller must report on the excise tax return the number of new replacement vehicle tires sold. If new tires are leased, the fee must be collected once at the beginning of the lease. Tire sellers may retain ten percent of the fee and must remit the remainder to the department of revenue (department). As a result, the amount that must be reported and paid to the department is the number of new replacement vehicle tires sold during the tax reporting period multiplied by ninety cents.

**(3) What if the seller fails to collect the fee or does not pay the fee on time?**

The seller is personally liable for payment of the fee, whether or not the fee is collected from the buyer. Interest and penalties apply to late payments. Refer to WAC 458-20-228 (Returns, remittances, penalties, extensions, interest, stay of collection) for more information.

**(4) What happens if a buyer fails to pay the fee?**

The tire fee, until paid by the buyer to the seller or the department, is considered a debt from the buyer to the seller. Any buyer who refuses to pay the fee is guilty of a misdemeanor.

**(5) Is sales tax imposed on the tire fee?**

No. The measure of the sales tax does not include the tire fee.

**(6) Is the ten percent amount retained by the seller taxed?**

Yes. The seller must report the retained amount as gross income under the service and other activities tax classification on the excise tax return.

**(7) What tires are subject to the tire fee?**

All new replacement vehicle tires are subject to the tire fee. Refer to RCW 70.95.030 for the definition of "vehicle" for purposes of the tire fee.

(a) Examples of vehicles for which new replacement tires are subject to the fee include:

- (i) Automobiles;
- (ii) Trucks;
- (iii) Recreational vehicles;
- (iv) Trailers;
- (v) All-terrain vehicles (ATVs);
- (vi) Agricultural vehicles, such as tractors or combines;
- (vii) Industrial vehicles, such as forklifts;
- (viii) Construction vehicles, such as loaders or graders; and
- (ix) Golf carts.

(b) Examples of devices for which new replacement tires are not subject to the fee include human-powered devices, such as bicycles, wheelbarrows, and hand trucks.

(c) The tire fee does not apply to the sale of re-treaded vehicle tires. Nor does it apply to tires provided free of charge under the terms of a recall or warranty.

**(8) May I refund the fee if a tire is returned?**

If a customer returns the purchased new tire and the entire selling price is refunded to the customer, the one dollar tire fee is likewise refundable. The refunded amount may be claimed on

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the excise tax return in the same manner as refunded sales tax. Refer to WAC 458-20-108 (Returned goods, allowances, cash discounts) for more information.